

# **TXC Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2022 and 2021**

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 4,087,371	20	\$ 3,631,645	17	\$ 1,993,038	12
Financial assets at fair value through profit or loss - current (Note 7)	565,067	3	723,028	4	500,707	3
Financial assets at amortized cost - current (Note 9)	316,494	1	133,186	1	125,613	1
Notes receivable (Note 10)	7,018	-	4,679	-	7,920	-
Trade receivables (Note 10)	3,883,133	19	4,004,421	19	3,795,594	22
Trade receivables from related parties (Notes 10 and 30)	37,837	-	30,894	-	32,612	-
Other receivables	65,455	-	71,073	-	42,446	-
Other receivables from related parties (Note 30)	771	-	1,179	-	675	-
Current tax assets (Note 25)	-	-	-	-	16,495	-
Inventories (Note 11)	2,752,976	13	2,639,289	13	3,061,109	18
Non-current assets held for sale (Note 13)	4,985	-	6,979	-	17,946	-
Other current assets	133,525	1	123,479	1	377,938	2
Total current assets	<u>11,854,632</u>	<u>57</u>	<u>11,369,852</u>	<u>55</u>	<u>9,972,093</u>	<u>58</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	600	-	1,080	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,165,334	6	1,710,092	8	757,732	4
Financial assets measured at cost - non-current (Note 9)	92,839	1	135,907	1	549,354	3
Investments accounted for using equity method (Note 14)	443,625	2	431,301	2	423,064	3
Property, plant and equipment (Note 15)	6,200,188	30	5,843,828	28	4,891,418	28
Right-of-use assets (Note 16)	214,538	1	209,079	1	90,408	1
Investment properties (Note 17)	504,600	2	494,368	3	46,841	-
Other intangible assets	54,902	-	51,890	-	42,276	-
Deferred tax assets (Note 25)	51,356	-	49,979	-	33,451	-
Prepayment for equipment	287,741	1	488,534	2	413,733	3
Other non-current assets	16,342	-	17,358	-	16,786	-
Total non-current assets	<u>9,032,065</u>	<u>43</u>	<u>9,433,416</u>	<u>45</u>	<u>7,265,063</u>	<u>42</u>
<b>TOTAL</b>	<u>\$ 20,886,697</u>	<u>100</u>	<u>\$ 20,803,268</u>	<u>100</u>	<u>\$ 17,237,156</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 18)	\$ 824,271	4	\$ 562,508	3	\$ 783,713	5
Short-term bills payables (Note 18)	90,174	-	86,974	1	-	-
Financial liabilities at fair value through profit or loss - current (Note 7)	6,801	-	1,383	-	8,331	-
Contract liabilities - current (Notes 11 and 23)	11,262	-	10,814	-	920,970	5
Trade payables	1,726,027	8	2,089,471	10	1,829,406	11
Trade payables to related parties (Note 30)	132	-	2,140	-	4,844	-
Other payables (Note 20)	1,151,360	6	1,479,312	7	838,674	5
Other payables to related parties (Note 30)	1,814	-	3,495	-	1,422	-
Current tax liabilities (Note 25)	403,491	2	330,380	2	216,265	1
Lease liabilities - current (Note 16)	3,061	-	3,051	-	1,114	-
Deferred revenue - current (Notes 20 and 27)	24,589	-	23,717	-	-	-
Current portion of long-term borrowings (Note 18)	335,253	2	280,343	1	466,654	3
Other current liabilities	17,192	-	21,114	-	40,697	-
Total current liabilities	<u>4,595,427</u>	<u>22</u>	<u>4,894,702</u>	<u>24</u>	<u>5,112,090</u>	<u>30</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 19)	1,175,314	6	1,172,721	6	-	-
Long-term borrowings (Note 18)	1,548,730	8	1,674,959	8	1,475,270	9
Deferred tax liabilities (Note 25)	124,782	1	93,456	1	72,453	-
Lease liabilities - non-current (Note 16)	3,916	-	4,685	-	1,059	-
Deferred revenue - non-current (Notes 20 and 27)	67,228	-	70,772	-	-	-
Net defined benefit liabilities - non-current (Note 21)	58,735	-	61,789	-	60,682	-
Guarantee deposits received	71,924	-	70,490	-	34,840	-
Total non-current liabilities	<u>3,050,629</u>	<u>15</u>	<u>3,148,872</u>	<u>15</u>	<u>1,644,304</u>	<u>9</u>
Total liabilities	<u>7,646,056</u>	<u>37</u>	<u>8,043,574</u>	<u>39</u>	<u>6,756,394</u>	<u>39</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>						
Share capital						
Ordinary shares	3,097,570	15	3,097,570	15	3,097,570	18
Capital surplus	1,697,067	8	1,696,784	8	1,668,269	10
Retained earnings						
Legal reserve	1,635,942	8	1,635,942	8	1,480,696	9
Special reserve	346,761	2	346,761	1	524,372	3
Unappropriated earnings	5,959,709	28	5,184,854	25	3,862,711	22
Total retained earnings	<u>7,942,412</u>	<u>38</u>	<u>7,167,557</u>	<u>34</u>	<u>5,867,779</u>	<u>34</u>
Other equity						
Exchange differences on translating the financial statements of foreign operations	(303,365)	(2)	(559,579)	(3)	(563,710)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	806,957	4	1,357,362	7	410,854	2
Total other equity	<u>503,592</u>	<u>2</u>	<u>797,783</u>	<u>4</u>	<u>(152,856)</u>	<u>(1)</u>
Total equity	<u>13,240,641</u>	<u>63</u>	<u>12,759,694</u>	<u>61</u>	<u>10,480,762</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 20,886,697</u>	<u>100</u>	<u>\$ 20,803,268</u>	<u>100</u>	<u>\$ 17,237,156</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
REVENUE (Note 23)	\$ 3,216,567	100	\$ 3,310,709	100
COST OF GOODS SOLD (Note 24)	<u>(2,017,490)</u>	<u>(63)</u>	<u>(2,113,902)</u>	<u>(64)</u>
GROSS PROFIT	<u>1,199,077</u>	<u>37</u>	<u>1,196,807</u>	<u>36</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	133,905	4	136,675	4
General and administrative expenses	155,975	5	128,939	4
Research and development expenses	<u>241,748</u>	<u>7</u>	<u>220,173</u>	<u>6</u>
Total operating expenses	<u>531,628</u>	<u>16</u>	<u>485,787</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>667,449</u>	<u>21</u>	<u>711,020</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	4,234	-	7,582	-
Other income (Note 24)	26,867	1	17,958	-
Other gains and losses (Note 24)	121,466	4	20,518	1
Finance costs (Note 24)	(10,971)	(1)	(5,042)	-
Share of profits of associates and joint venture (Note 14)	<u>2,361</u>	<u>-</u>	<u>1,506</u>	<u>-</u>
Total non-operating income and expenses	<u>143,957</u>	<u>4</u>	<u>42,522</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	811,406	25	753,542	23
INCOME TAX EXPENSE (Note 25)	<u>(141,069)</u>	<u>(4)</u>	<u>(121,692)</u>	<u>(4)</u>
NET PROFIT	<u>670,337</u>	<u>21</u>	<u>631,850</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	<u>(445,887)</u>	<u>(14)</u>	<u>234,341</u>	<u>7</u>

(Continued)

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	<b>For the Three Months Ended March 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 247,684	8	\$ (39,109)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	<u>8,530</u>	<u>-</u>	<u>(1,326)</u>	<u>-</u>
	<u>256,214</u>	<u>8</u>	<u>(40,435)</u>	<u>(1)</u>
Other comprehensive income for the period, net of income tax	<u>(189,673)</u>	<u>(6)</u>	<u>193,906</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 480,664</u>	<u>15</u>	<u>\$ 825,756</u>	<u>25</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
From continuing operations				
Basic	<u>\$ 2.16</u>		<u>\$ 2.04</u>	
Diluted	<u>\$ 2.09</u>		<u>\$ 2.03</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

**TXC CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity		Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
				Legal Reserve	Special Reserve				
BALANCE AT JANUARY 1, 2021	309,757	\$ 3,097,570	\$ 1,668,269	\$ 1,480,696	\$ 524,372	\$ 3,230,861	\$ (523,275)	\$ 176,513	\$ 9,655,006
Net profit for the three months ended March 31, 2021	-	-	-	-	-	631,850	-	-	631,850
Other comprehensive loss for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	(40,435)	234,341	193,906
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	631,850	(40,435)	234,341	825,756
BALANCE AT MARCH 31, 2021	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,668,269</u>	<u>\$ 1,480,696</u>	<u>\$ 524,372</u>	<u>\$ 3,862,711</u>	<u>\$ (563,710)</u>	<u>\$ 410,854</u>	<u>\$ 10,480,762</u>
BALANCE AT JANUARY 1, 2022	309,757	\$ 3,097,570	\$ 1,696,784	\$ 1,635,942	\$ 346,761	\$ 5,184,854	\$ (559,579)	\$ 1,357,362	\$ 12,759,694
Net profit for the three months ended March 31, 2022	-	-	-	-	-	670,337	-	-	670,337
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	256,214	(445,887)	(189,673)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	670,337	256,214	(445,887)	480,664
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	104,518	-	(104,518)	-
Surplus donated	-	-	283	-	-	-	-	-	283
BALANCE AT MARCH 31, 2022	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,697,067</u>	<u>\$ 1,635,942</u>	<u>\$ 346,761</u>	<u>\$ 5,959,709</u>	<u>\$ (303,365)</u>	<u>\$ 806,957</u>	<u>\$ 13,240,641</u>

The accompanying notes are an integral part of the consolidated financial statements.

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 811,406	\$ 753,542
Adjustments for:		
Depreciation expenses	291,651	247,395
Amortization expenses	5,252	2,091
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	339	7,106
Finance costs	10,971	5,042
Interest income	(4,234)	(7,582)
Share of profits of associates and joint ventures	(2,361)	(1,506)
(Gain) loss on disposal of property, plant and equipment	(294)	27
Impairment losses recognized on property, plant and equipment	5	5,453
Write-down of inventories	4,265	3,436
Loss on disposal of non-current assets held for sale	249	-
Changes in operating assets and liabilities:		
Notes receivable	(2,339)	14,039
Trade receivables	121,415	(321,872)
Trade receivables from related parties	(6,943)	(2,451)
Other receivables	5,585	5,815
Other receivables from related parties	408	(185)
Inventories	(118,152)	(247,654)
Other current assets	(10,046)	(185,305)
Contract liabilities	448	191,891
Trade payables	(363,444)	(118,192)
Trade payables to related parties	(2,008)	1,301
Other payables	(328,283)	(122,361)
Other payables to related parties	(1,681)	(58)
Other current liabilities	(3,922)	12,236
Deferred revenue	(2,672)	-
Net defined benefit liabilities - non-current	(3,054)	(2,878)
Cash generated from operations	402,561	239,330
Interest paid	(8,047)	(5,313)
Income taxes paid	(38,988)	(18,847)
Net cash generated from operating activities	<u>355,526</u>	<u>215,170</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets and liabilities at fair value through profit or loss	185,848	36,020
Purchase of financial assets at fair value through other comprehensive income	(10,000)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	117,447	-

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# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
Purchase of financial assets at amortized cost	\$ (127,175)	\$ -
Proceeds from sale of financial assets at amortized cost	-	237,256
Purchase of investments accounted for using equity method	-	(1,658)
Proceeds from disposal of non-current assets held for sale	1,745	17,946
Payments for property, plant and equipment	(321,406)	(352,594)
Proceeds from disposal of property, plant and equipment	496	-
Payments for intangible assets	(6,921)	(418)
Decrease in other non-current assets	1,016	1,424
Increase in prepayment for equipment	-	(108,949)
Interest received	<u>4,267</u>	<u>7,609</u>
Net cash used in investing activities	<u>(154,683)</u>	<u>(163,364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from (repayments of) short-term borrowings	236,410	-
Repayments of short-term borrowings	-	(136,031)
Proceeds from long-term borrowings	-	100,000
Repayments of long-term borrowings	(76,765)	(227,174)
Proceeds from guarantee deposits received	1,434	-
Refund of guarantee deposits received	-	(1,287)
Repayment of the principal portion of lease liabilities	(759)	(776)
Other changes in capital surplus	<u>283</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>160,603</u>	<u>(265,268)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>94,280</u>	<u>(11,777)</u>
<b>NET INCREASE (DECREASED) IN CASH AND CASH EQUIVALENTS</b>		
	455,726	(225,239)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		
	<u>3,631,645</u>	<u>2,218,277</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
	<u>\$ 4,087,371</u>	<u>\$ 1,993,038</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# **TXC CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

TXC Corporation (the “Company”) was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality crystals and crystal oscillator (CXO) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, information and storage device, internet of things, vehicle electronics, telecommunication equipment, smart home, AI, medical care, and 5G, etc.

The Company’s shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

To ensure the rights and interests of investors through full disclosure of operational governance, the Company applied for the Corporate Governance Assessment held by the Taiwan Corporate Governance Association (TCGA). The Company received “CG6005 Standard Corporate Governance Assessment Certification” and the “CG6008 Advanced Corporate Governance Assessment Certification” on March 23, 2011, and June 27, 2013, respectively. For the “Corporate Governance Evaluation” jointly held by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange, under the category of listed companies, the company was awarded as the top 20 percent in 2014, top 5 percent from 2015 to 2017, and top 6 to 20 percent in 2018 and 2019. The Company will continue to strengthen corporate governance with the intention to achieve international standards for protection of public interest.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s board of directors on May 9, 2022.

### **3. APPLICATION OF NEW, AMEND AND REVISED STANDARDS, AND INTERPRETATIONS**

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.



b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) the Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) the Group chose the accounting policy from options permitted by the standards;
- c) the accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) the accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

## 2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that rereasurement is recognized in profit or loss.

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2021.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 1,243	\$ 1,115	\$ 1,485
Checking accounts and demand deposits	3,436,128	3,069,037	1,673,639
Cash equivalents (investments with original maturities less than three months)			
Time deposits	150,000	251,493	317,914
Repurchase agreements collateralized by bonds	<u>500,000</u>	<u>310,000</u>	<u>-</u>
	<u>\$ 4,087,371</u>	<u>\$ 3,631,645</u>	<u>\$ 1,993,038</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	\$ 484	\$ 2,399	\$ -
Non-derivative financial asset			
Listed shares	13,500	-	-
Mutual funds	109,696	191,487	259,418
Hybrid financial assets			
Structured deposits (a)	<u>441,387</u>	<u>529,142</u>	<u>241,289</u>
	<u>564,583</u>	<u>720,629</u>	<u>500,707</u>
	<u>\$ 565,067</u>	<u>\$ 723,028</u>	<u>\$ 500,707</u>

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Redemption options on convertible bonds	\$ 600	\$ 1,080	\$ -

Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts and exchange contracts (b)	\$ 6,801	\$ 1,383	\$ 8,331 (Concluded)

- a. The Group entered into structured time deposit contract with Bank during the three months ended March 31, 2022 and 2021. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.
- b. At the end of the reporting period, outstanding foreign exchange contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2022</u>			
Sell	USD/RMB	2022.04.27-2022.07.27	USD8,500/RMB54,276
Sell	USD/JPY	2022.04.06-2022.04.20	USD3,000/JPY349,360
Knock-out forward	USD/JPY	2022.04.11-2022.06.06	USD6,000/JPY259,070
Exchange contracts	USD/NTD	2022.04.11-2022.05.12	USD6,000/NTD166,016
Foreign exchange forward contracts	USD/NTD	2022.05.19-2022.06.06	USD12,000/NTD337,800
<u>December 31, 2021</u>			
Sell	USD/RMB	2022.01.27-2022.04.27	USD10,500/RMB67,946
Sell	USD/JPY	2022.01.24	USD2,000/JPY229,263
Knock-out forward	USD/JPY	2022.02.14	USD2,000/JPY231,150
Exchange contracts	USD/NTD	2022.01.18-2022.04.18	USD14,000/NTD387,709
Foreign exchange forward contracts	USD/NTD	2022.01.03-2022.02.16	USD10,000/NTD280,250

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2021</u>			
Knock-out forward	USD/JPY	2021.04.06	USD1,500/JPY161,100
Knock-out forward	USD/NTD	2021.05.07-2021.05.24	USD5,000/NTD142,580
Sell	USD/JPY	2021.04.06-2021.04.21	USD3,500/JPY380,615
Sell	USD/RMB	2021.04.23-2021.07.05	USD6,000/RMB39,429
Sell	USD/RMB	2021.04.28-2021.09.28	USD14,000/RMB92,348
Exchange contracts	USD/NTD	2021.04.29-2021.06.16	USD13,000/NTD371,550 (Concluded)

The Group entered into foreign exchange forward contracts and exchange contracts during the three months ended March 31, 2022 and 2021 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current</u>			
Domestic investments			
Listed shares			
UPI Semiconductor Corp.	\$ 835,660	\$ -	\$ -
Emerging market shares			
UPI Semiconductor Corp.	-	1,399,268	347,786
Unlisted shares	<u>87,740</u>	<u>77,466</u>	<u>100,290</u>
	<u>923,400</u>	<u>1,476,734</u>	<u>448,076</u>
Foreign investments			
Unlisted shares	<u>241,934</u>	<u>233,358</u>	<u>309,656</u>
	<u>\$ 1,165,334</u>	<u>\$ 1,710,092</u>	<u>\$ 757,732</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

On March 12, 2021 and January 3, 2022, UPI Semiconductor Corp.'s shares were listed on the Taipei Exchange and Taiwan Stock Exchange. The transfer of fair value measurement level referred to Note 29.

In the first quarter of 2022, the Group sold its shares in UPI Semiconductor Corp. in order to manage credit concentration risk. The shares sold had a fair value of \$117,447 thousand and its related unrealized gain of \$104,518 thousand was transferred from other equity to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Domestic investments			
Pledge deposits (a)	\$ 62,690	\$ 60,916	\$ 62,353
Time deposits with original maturity of more than three months (b)	253,804	72,270	-
Restricted deposits (c)	<u>-</u>	<u>-</u>	<u>63,260</u>
	<u>\$ 316,494</u>	<u>\$ 133,186</u>	<u>\$ 125,613</u>
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities of more than one year (b)	\$ 92,839	\$ 135,907	\$ 377,328
Restricted deposits (d)	<u>-</u>	<u>-</u>	<u>172,026</u>
	<u>\$ 92,839</u>	<u>\$ 135,907</u>	<u>\$ 549,354</u>

- a. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.
- b. The ranges of interest rates for time deposits with original maturities of more than three months were approximately 1.68%-4.38%, 3.91%-4.38% and 3.78%-4.38% per annum as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
- c. Restricted deposits are deposits for Chongqing Zhongyang's presold items of the construction in progress, which should not be used for other purposes before acquiring the real estate registration certificate. The deposits restriction was lifted in May 2021.
- d. According to "Regulations Governing the Management, Utilization, and Taxation of Repatriated Offshore Funds", the Group had submitted an investment proposal and was approved by National Bureau, Ministry of Finance. Based on the regulation, the deposits are restricted only to approved investment project, and should not be used for other purposes.

## 10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
Notes receivable - operating	\$ 7,024	\$ 4,685	\$ 7,926
Less: Allowance for impairment loss	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>
	<u>\$ 7,018</u>	<u>\$ 4,679</u>	<u>\$ 7,920</u>

(Continued)

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 3,934,584	\$ 4,048,803	\$ 3,841,684
Less: Allowance for impairment loss	<u>(13,614)</u>	<u>(13,488)</u>	<u>(13,478)</u>
	<u>\$ 3,920,970</u>	<u>\$ 4,035,315</u>	<u>\$ 3,828,206</u> (Concluded)

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on the Group's provision matrix.

#### March 31, 2022

	<b>Not Past Due</b>	<b>31 to 90 Days</b>	<b>91 to 150 Days</b>	<b>151 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Gross carrying amount	\$ 3,600,137	\$ 341,471	\$ -	\$ -	\$ -	\$ 3,941,608
Loss allowance (Lifetime ECL)	<u>(10,547)</u>	<u>(3,073)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,620)</u>
Amortized cost	<u>\$ 3,589,590</u>	<u>\$ 338,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,927,988</u>

#### December 31, 2021

	<b>Not Past Due</b>	<b>31 to 90 Days</b>	<b>91 to 150 Days</b>	<b>151 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Gross carrying amount	\$ 3,804,496	\$ 248,992	\$ -	\$ -	\$ -	\$ 4,053,488
Loss allowance (Lifetime ECL)	<u>(11,253)</u>	<u>(2,241)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,494)</u>
Amortized cost	<u>\$ 3,793,243</u>	<u>\$ 246,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,039,994</u>



March 31, 2021

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 3,609,378	\$ 240,232	\$ -	\$ -	\$ -	\$ 3,849,610
Loss allowance (Lifetime ECL)	<u>(11,322)</u>	<u>(2,162)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,484)</u>
Amortized cost	<u>\$ 3,598,056</u>	<u>\$ 238,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,836,126</u>

The expected credit loss rate for each above range of the Group is not more than 1% within and within 90 days of the overdue period; 5% or less within the overdue period from 91 days to 180 days; and 5%-100% when the overdue period exceeds 180 days.

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 13,494	\$ 13,506
Foreign exchange gains and losses	<u>126</u>	<u>(22)</u>
Balance at March 31	<u>\$ 13,620</u>	<u>\$ 13,484</u>

## 11. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Finished goods	\$ 560,819	\$ 582,087	\$ 316,583
Work in process	455,361	436,873	383,672
Raw materials	688,809	635,358	554,569
Supplies and spare parts	115,419	112,785	114,921
Merchandise	457,062	405,775	405,716
Land for development construction in progress	-	-	1,285,648
Buildings and land held for sale	<u>475,506</u>	<u>466,411</u>	<u>-</u>
	<u>\$ 2,752,976</u>	<u>\$ 2,639,289</u>	<u>\$ 3,061,109</u>

The cost of crystal inventories recognized as cost of goods sold for the three months ended March 31, 2022 and 2021 included \$2,009,598 thousand and \$2,113,902 thousand, respectively. The cost of goods sold for the three months ended March 31, 2022 and 2021 included inventory write-downs of \$4,265 thousand and \$3,436 thousand, respectively.

The cost of real estate inventories recognized as cost of goods sold for the three months ended March 31, 2022 and 2021 included \$7,892 thousand and \$0 thousand, respectively.

The construction in progress is the payment made by Chongqing Zhongyang Properties Co., Ltd. to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate in 2012. Chongqing Zhongyang Properties Co., Ltd. has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2013. The construction began in 2018 and continued to recognize revenue after completion in April 2021.

The details of the land for development site are as follows:

Area	March 31, 2021			Contract Liabilities - Current
	Prepaid Land Rights	Project Cost	Total	
Jinfeng Group C Division	\$ 196,204	\$ 1,089,444	\$ 1,285,648	\$ 920,970

The details of the buildings and land held for sale are as follows:

Area	March 31, 2022	
	Buildings and Land Held for Sale	Contract Liabilities - Current
Jing Yuan	\$ 475,506	\$ 11,262

Area	December 31, 2021	
	Buildings and Land Held for Sale	Contract Liabilities - Current
Jing Yuan	\$ 466,411	\$ 10,814

The information about capitalization of interest are set out in Note 24.

Land for development construction in progress pledged as collateral for bank borrowings are set out in Note 31.

## 12. SUBSIDIARIES

### Subsidiary Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
TXC Corporation	Taiwan Crystal Technology International Limited	Investment management	100	100	100	a
	TXC Technology, Inc.	Marketing activities	100	100	100	b
	TXC Japan Corporation	Marketing activities	100	100	100	c
	Taiwan Crystal Technology (HK) Limited	International trading	100	100	100	e
	TXC Europe GmbH	Marketing activities	100	100	100	j
Taiwan Crystal Technology International Limited	TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	d
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	100	f
	Chongqing Zhongyang Properties CO. LTD.	Properties development	100	100	100	g
	Ningbo Beilun Jingyu Trading Corporation	International trading	100	100	100	h

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
	Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	100	100	100	i
	TETC Corp. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	-	l
Chongqing Zhongyang Properties CO. LTD.	ChongQing Dingsen Commercial Management Co., Ltd	Property management	100	100	100	k

(Concluded)

Remarks:

- a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.
- b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.
- c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.
- d. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.
- e. Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China.
- f. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.
- g. Chongqing Zhongyang Properties CO. LTD. was incorporated on February 14, 2011 in Chongqing, China.
- h. Ningbo Beilun Jingyu Trading Corporation was incorporated on September 7, 2011 in Ningbo, China.
- i. Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited was incorporated on May 12, 2017 in Beilun District, Ningbo, China.
- j. TXC Europe GmbH was founded in Germany on August 17, 2018.
- k. ChongQing Dingsen Commercial Management Co., Ltd. was incorporated on February 21, 2019 in Chongqing, China.
- l. TETC Corp. Ningbo was incorporated on December 30, 2020 in Ningbo, China.
- m. Except for the financial statements for the three months ended March 30, 2022 of Taiwan Crystal Technology International Limited, TXC (Ningbo) Corporation, TXC (Chongqing) Corporation, and Chongqing Zhongyang Properties Co., Ltd., all company are immaterial subsidiaries, their financial statements have not been reviewed. Except for the financial statements for the three months ended March 30, 2021 of Taiwan Crystal Technology International Limited, TXC (Ningbo) Corporation, and TXC (Chongqing) Corporation., all company are immaterial subsidiaries, their financial statements have not been reviewed.

### 13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	March 31, 2022	December 31 2021	March 31 2021
Domestic investments			
Unlisted shares			
Godsmith Sensor Inc.	<u>\$ 4,985</u>	<u>\$ 6,979</u>	<u>\$ 17,946</u>

In November 2020, the Company's board of directors approved to dispose of 24% shares of Godsmith Sensor Inc. held with the expectation to complete the sale within twelve months. Accordingly, the Company has reclassified Godsmith Sensor Inc. as non-current assets held for sale, and were presented separately in the accompanying balance sheets.

For the three months ended March 31, 2022 and 2021, the Group had sold 100 thousand and 900 thousand shares in Godsmith Sensor Inc. at fair value of \$1,745 thousand and \$17,946 thousand and were recognized as loss on disposal \$249 thousand and \$0 thousand, respectively.

### 14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in associates and joint ventures	<u>\$ 443,625</u>	<u>\$ 431,301</u>	<u>\$ 423,064</u>

#### a. Investment in associates

	March 31, 2022	December 31, 2021	March 31, 2021
Associates that are not individually material	<u>\$ 404,042</u>	<u>\$ 391,214</u>	<u>\$ 376,895</u>

#### For the Three Months Ended March 31

	2022	2021
The Group's share of:		
Profit from continuing operations	\$ 4,298	\$ 2,937
Other comprehensive income	<u>8,530</u>	<u>(1,326)</u>
Total comprehensive income for the period	<u>\$ 12,828</u>	<u>\$ 1,611</u>

Refer to Table 4 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

For the three months ended March 31, 2021, the Group subscribed 43 thousand ordinary shares of Tai-Shing for cash which amount to \$1,658 thousand. After the subscription, the Group's percentage of ownership in Tai-Shing was 32.11%. The Group recognized goodwill of \$587 thousand as cost of investments in associates.

b. Investment joint ventures

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Joint ventures that are not individually material	<u>\$ 39,583</u>	<u>\$ 40,087</u>	<u>\$ 46,169</u>
	<b>For the Three Months Ended</b>		
	<b>March 31</b>		
	<b>2022</b>	<b>2021</b>	
The Group's share of:			
Profit from continuing operations		<u>\$ (1,937)</u>	<u>\$ (1,431)</u>
Total comprehensive income for the period		<u>\$ (1,937)</u>	<u>\$ (1,431)</u>

Refer to Table 4 “name, locations, and related information of investees on which the Company exercises significant influence” and Table 5 “information on investment in mainland China” for the nature of activities, principal place of business and country of incorporation of the joint ventures.

Except for investments of Ningbo Longying Semiconductor Co., Ltd., which were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Ningbo Longying Semiconductor Co., Ltd. which have not been reviewed.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 593,855	\$ 1,599	\$ 2,607,379	\$ 8,734,385	\$ 20,583	\$ 362,059	\$ 2,440	\$ 12,322,300
Additions	28,000	-	117,495	159,099	-	45,579	2,421	352,594
Disposals	-	-	(659)	(2,965)	-	(2,483)	-	(6,107)
Reclassification	-	-	-	-	-	-	(2,447)	(2,447)
Effect of foreign currency exchange differences	-	-	(7,457)	(33,143)	(119)	(2,280)	(14)	(43,013)
Balance at March 31, 2021	<u>\$ 621,855</u>	<u>\$ 1,599</u>	<u>\$ 2,716,758</u>	<u>\$ 8,857,376</u>	<u>\$ 20,464</u>	<u>\$ 402,875</u>	<u>\$ 2,400</u>	<u>\$ 12,623,327</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 900	\$ 1,345,469	\$ 5,916,127	\$ 13,849	\$ 237,367	\$ -	\$ 7,513,712
Disposals	-	-	(659)	(2,965)	-	(2,456)	-	(6,080)
Depreciation expense	-	61	33,682	201,792	608	8,829	-	244,972
Impairment losses	-	-	-	5,453	-	-	-	5,453
Effect of foreign currency exchange differences	-	-	(3,011)	(21,803)	(84)	(1,250)	-	(26,148)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 961</u>	<u>\$ 1,375,481</u>	<u>\$ 6,098,604</u>	<u>\$ 14,373</u>	<u>\$ 242,490</u>	<u>\$ -</u>	<u>\$ 7,731,909</u>
Carrying value at March 31, 2021	<u>\$ 621,855</u>	<u>\$ 638</u>	<u>\$ 1,341,277</u>	<u>\$ 2,758,772</u>	<u>\$ 6,091</u>	<u>\$ 160,385</u>	<u>\$ 2,400</u>	<u>\$ 4,891,418</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 621,855	\$ 2,279	\$ 2,728,943	\$ 9,699,052	\$ 21,149	\$ 387,266	\$ 13,137	\$ 13,473,681
Additions	-	270	5,202	288,613	-	26,704	617	321,406
Disposals	-	-	-	(5,070)	-	(6,821)	-	(11,891)
Transfer from investment property	-	-	5,903	-	-	-	-	5,903
Transfer from prepayment for equipment	-	-	-	200,793	-	-	-	200,793
Effect of foreign currency exchange differences	-	-	43,008	214,724	722	10,257	497	269,208
Balance at March 31, 2022	<u>\$ 621,855</u>	<u>\$ 2,549</u>	<u>\$ 2,783,056</u>	<u>\$ 10,398,112</u>	<u>\$ 21,871</u>	<u>\$ 417,406</u>	<u>\$ 14,251</u>	<u>\$ 14,259,100</u>

(Continued)

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property in Construction	Total
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 1,209	\$ 1,211,106	\$ 6,157,842	\$ 15,109	\$ 244,587	\$ -	\$ 7,629,853
Disposals	-	-	-	(4,895)	-	(6,794)	-	(11,689)
Depreciation expense	-	93	34,976	238,588	706	10,540	-	284,903
Impairment losses	-	-	-	5	-	-	-	5
Transfer from investment property	-	-	3,652	-	-	-	-	3,652
Effect of foreign currency exchange differences	-	-	22,432	123,687	524	5,545	-	152,188
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 1,302</u>	<u>\$ 1,272,166</u>	<u>\$ 6,515,227</u>	<u>\$ 16,339</u>	<u>\$ 253,878</u>	<u>\$ -</u>	<u>\$ 8,058,912</u>
Carrying value at								
December 31, 2021 and January 1, 2022	<u>\$ 621,855</u>	<u>\$ 1,070</u>	<u>\$ 1,517,837</u>	<u>\$ 3,541,210</u>	<u>\$ 6,040</u>	<u>\$ 142,679</u>	<u>\$ 13,137</u>	<u>\$ 5,843,828</u>
Carrying value at March 31, 2022	<u>\$ 621,855</u>	<u>\$ 1,247</u>	<u>\$ 1,510,890</u>	<u>\$ 3,882,885</u>	<u>\$ 5,532</u>	<u>\$ 163,528</u>	<u>\$ 14,251</u>	<u>\$ 6,200,188</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	5-7 years
Buildings	
Industrial building	3-51 years
Electrical power systems	3-51 years
Engineering systems	3-51 years
Equipment	
Major production equipments	3-15 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	4-5 years
Office equipment	3-5 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Land	\$ 207,601	\$ 201,375	\$ 88,250
Buildings	5,890	6,544	661
Transportation equipment	<u>1,047</u>	<u>1,160</u>	<u>1,497</u>
	<u>\$ 214,538</u>	<u>\$ 209,079</u>	<u>\$ 90,408</u>
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 123,059</u>	<u>\$ -</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Depreciation charge for right-of-use assets		
Land	\$ 1,158	\$ 569
Buildings	654	661
Transportation equipment	<u>113</u>	<u>112</u>
	<u>\$ 1,925</u>	<u>\$ 1,342</u>

Right-of-use assets pledged as collateral for bank borrowings were set out in Note 31.

b. Lease liabilities

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>Carrying amounts</u>			
Current	\$ 3,061	\$ 3,051	\$ 1,114
Non-current	<u>3,916</u>	<u>4,685</u>	<u>1,059</u>
	<u>\$ 6,977</u>	<u>\$ 7,736</u>	<u>\$ 2,173</u>

Range of discount rate for lease liabilities was as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Buildings	0.86%-1.27%	0.86%-1.27%	0.86%
Transportation equipment	0.86%	0.86%	0.86%

c. Material lease-in activities and terms

The Group did not enter into significant lease contracts for the three months ended March 31, 2022 and 2021.

The Group also buys land use right for the construction of plants, offices and retail stores with use term of 50 years in mainland China specifies that payments will be paid at the time of contract and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 55</u>	<u>\$ 54</u>
Total cash outflow for leases	<u>\$ (814)</u>	<u>\$ (830)</u>

The Group leases certain building which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 17. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>
<u>Cost</u>	
Balance at January 1, 2021	\$ 90,548
Effect of foreign currency exchange differences	<u>(377)</u>
Balance at March 31, 2021	<u>\$ 90,171</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ (42,465)
Depreciation expense	(1,081)
Effect of foreign currency exchange differences	<u>216</u>
Balance at March 31, 2021	<u>\$ (43,330)</u>
Carrying amounts at March 31, 2021	<u>\$ 46,841</u>
Carrying amounts at January 1, 2022 and December 31, 2021	<u>\$ 494,368</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 544,232
Transfer to property, plant and equipment	(5,903)
Effect of foreign currency exchange differences	<u>18,831</u>
Balance at March 31, 2022	<u>\$ 557,160</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (49,864)
Depreciation expense	(4,823)
Transfer to property, plant and equipment	3,652
Effect of foreign currency exchange differences	<u>(1,525)</u>
Balance at March 31, 2022	<u>\$ (52,560)</u>
Carrying amounts at March 31, 2022	<u>\$ 504,600</u>

The investment real estate held by the combined company is mainly located in Pingzhen District of Taoyuan City and Ningbo City, Mainland China, and some of the factories and offices are leased to collect rents. The other part of the investment real estate is located in Chongqing City, mainland China, and is mainly self-built shopping malls to collect rents.

The investment properties held by the Group are depreciated using the straight-line method over their useful lives of 3-60 years.



The fair value of the Group's investment properties as of March 31, 2022, December 31, 2021 and March 31, 2021 was \$1,180,496 thousand, \$1,152,787 thousand and \$130,783 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers; however, management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The above fair value measurement has taken into consideration the uncertainty on the volatility in the markets due to the evolution of the COVID-19 pandemic.

All of the Group's investment properties was held under freehold interests. The investment properties pledged as collateral for bank borrowing were set out in Note 31.

## 18. BORROWINGS

### a. Short-term borrowings

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>Secured borrowings (Note 31)</u>			
Bank loans	\$ 135,261	\$ 130,461	\$ -
<u>Unsecured borrowings</u>			
Bank loans	621,379	432,047	783,713
Letters of credit	<u>67,631</u>	<u>-</u>	<u>-</u>
	<u>689,010</u>	<u>432,047</u>	<u>783,713</u>
	<u>\$ 824,271</u>	<u>\$ 562,508</u>	<u>\$ 783,713</u>

The interest rate on the bank loans and letters of credit were 2.65%-3.85%, 3.44%-3.85% and 0.65%-3.45% per annum as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

### b. Short-term bills payable

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Bank acceptances	\$ 90,174	\$ 86,974	\$ -

Outstanding short-term bills payable were as follows:

#### March 31, 2022

<b>Promissory Institution</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate</b>	<b>Collateral</b>	<b>Carrying Amount of Collateral</b>
<u>Bank acceptances</u>						
Bank of Ningbo	<u>RMB 20,000</u>	<u>\$ -</u>	<u>\$ 90,174</u>	3.6%	-	<u>\$ -</u>

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Bank acceptances</u>						
Bank of Ningbo	<u>RMB 20,000</u>	<u>\$ -</u>	<u>\$ 86,974</u>	3.6%	-	<u>\$ -</u>

c. Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Secured borrowings (Note 31)</u>			
Bank loans	\$ -	\$ -	\$ 283,504
Less: Current portions	<u>-</u>	<u>-</u>	<u>(283,504)</u>
	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unsecured borrowings</u>			
Bank loans	1,883,983	1,955,302	1,658,420
Less: Current portion	<u>(335,253)</u>	<u>(280,343)</u>	<u>(183,150)</u>
	<u>1,548,730</u>	<u>1,674,959</u>	<u>1,475,270</u>
Long-term borrowings	<u>\$ 1,548,730</u>	<u>\$ 1,674,959</u>	<u>\$ 1,475,270</u>

The borrowings of the Group were as follows:

	Maturity Date	March 31, 2022	December 31, 2021	March 31, 2021
Secured bank borrowing denominated in RMB	2021.09.04	\$ -	\$ -	\$ 283,504
Unsecured bank borrowing denominated in NT\$	2025.01.03	68,750	75,000	100,000
Unsecured bank borrowing denominated in NT\$	2025.01.03	103,125	112,500	140,625
Unsecured bank borrowing denominated in NT\$	2025.01.03	103,125	112,500	143,750
Unsecured bank borrowing denominated in NT\$	2025.04.01	300,000	300,000	290,625
Unsecured bank borrowing denominated in NT\$	2025.04.15	200,000	200,000	200,000
Unsecured bank borrowing denominated in NT\$	2024.09.15	200,000	200,000	200,000
Unsecured bank borrowing denominated in NT\$	2024.09.15	300,000	300,000	300,000
Unsecured bank borrowing denominated in NT\$	2024.09.15	100,000	100,000	100,000
Unsecured bank borrowing denominated in NT\$	2025.01.03	71,739	78,261	97,826
Unsecured bank borrowing denominated in NT\$	2026.08.17	200,000	200,000	-
Unsecured bank borrowing denominated in NT\$	2023.09.06	180,000	180,000	-
Unsecured bank borrowing denominated in US\$	2022.02.26	-	41,589	57,063
Unsecured bank borrowing denominated in US\$	2021.05.28	-	-	28,531
Unsecured bank borrowing denominated in US\$	2023.09.24	57,244	55,452	-
Less: Current portion		<u>(335,253)</u>	<u>(280,343)</u>	<u>(466,654)</u>
		<u>\$ 1,548,730</u>	<u>\$ 1,674,959</u>	<u>\$ 1,475,270</u>

The range of interest rate on bank loans was 0.10%-1.36%, 0.10%-1.2%, and 0.10%-6.18% per annum as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

## 19. BONDS PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured domestic convertible bonds	\$ 1,200,000	\$ 1,200,000	\$ -
Less: Discount on bonds payable	<u>(24,686)</u>	<u>(27,279)</u>	<u>-</u>
	<u>\$ 1,175,314</u>	<u>\$ 1,172,721</u>	<u>\$ -</u>

On July 26, 2021, the Company issued the 5th domestic unsecured convertible bonds with an aggregate principal amount of \$1,200,000 thousand at 0% interest rate, and the issuance period is for three years from July 26, 2021 to July 26, 2024. The repayment will be made at face value in full by cash upon maturity. Bondholders are entitled to convert bonds into the Company's ordinary shares from October 27, 2021 to July 26, 2024. The conversion price was set initially at \$138 per share. According to the regulations on issuance and conversion of bonds, the conversion price should be adjusted to \$133.7 per share starting from August 28, 2021.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 0.8961% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,427 thousand)	\$ 1,194,573
Equity component (less transaction costs allocated to the equity component of \$129 thousand)	(28,431)
Assets component	<u>2,040</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,298 thousand)	1,168,182
Interest charged at an effective interest rate	<u>4,539</u>
Liability component at December 31, 2021	1,172,721
Interest charged at an effective interest rate	<u>2,593</u>
Liability component at March 31, 2022	<u>\$ 1,175,314</u>

## 20. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Other payables			
Payables for compensations to employees and directors	\$ 504,924	\$ 413,264	\$ 275,213
Payables for commission	27,931	24,273	29,602
Payables for salaries	149,930	166,626	125,471
Payables for bonus	154,641	472,609	134,761
Payables for annual leave	43,425	43,683	30,349
Payables for purchase of equipment	104,842	212,665	88,656
Others	<u>165,667</u>	<u>146,192</u>	<u>154,622</u>
	<u>\$ 1,151,360</u>	<u>\$ 1,479,312</u>	<u>\$ 838,674</u>

(Continued)

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Deferred revenue			
Arising from government grants (Note 27)	\$ <u>24,589</u>	\$ <u>23,717</u>	\$ <u>-</u>
<u>Non-current</u>			
Deferred revenue			
Arising from government grants (Note 27)	\$ <u>67,228</u>	\$ <u>70,772</u>	\$ <u>-</u> (Concluded)

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plans

Employee benefit expense for the three months ended March 31, 2022 and 2021 were \$421 thousand and \$438 thousand, respectively. Employee benefit expense was calculated on the basis of the actuarial valuations in December 31, 2021 and 2020.

## 22. EQUITY

### a. Share capital

#### Ordinary shares

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Numbers of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	\$ <u>5,000,000</u>	\$ <u>5,000,000</u>	\$ <u>5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>309,757</u>	<u>309,757</u>	<u>309,757</u>
Shares issued	\$ <u>3,097,570</u>	\$ <u>3,097,570</u>	\$ <u>3,097,570</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The Company's 30,000 thousand shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>			
Issuance of ordinary shares	\$ 611,776	\$ 611,776	\$ 611,776
Conversion of bonds	977,028	977,028	977,028
Overdue options	73,377	73,377	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331	331
Return of shareholders' cash dividends	2,247	1,964	1,964
<u>May only be used to offset a deficit</u>			
Share of changes in capital surplus of associates or joint venture	2,712	2,712	2,712
Other	1,165	1,165	1,081
<u>May not be used for any purpose</u>			
Employee share options	<u>28,431</u>	<u>28,431</u>	<u>-</u>
	<u>\$ 1,697,067</u>	<u>\$ 1,696,784</u>	<u>\$ 1,668,269</u>

\* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to employee benefits expense in Note 24(g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trends and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 that were proposed by the board of directors on May 9, 2022 and approved in the shareholders’ meetings on July 20, 2021 respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Fiscal Year 2021</b>	<b>For Fiscal Year 2020</b>	<b>For Fiscal Year 2021</b>	<b>For Fiscal Year 2020</b>
Legal reserve	\$ 310,870	\$ 155,246	\$ -	\$ -
Special reserve	(346,761)	(177,611)	-	-
Cash dividends	2,323,178	1,177,077	7.5	3.8

The appropriations of earnings for 2021 is subject to the resolution of the shareholders’ meeting to be held on May 31, 2022.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (559,579)	\$ (523,275)
Exchange differences on translating the financial statements of foreign operations	247,684	(39,109)
Share of exchange differences of associates accounted for using the equity method	<u>8,530</u>	<u>(1,326)</u>
Balance at March 31	<u>\$ (303,365)</u>	<u>\$ (563,710)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ <u>1,357,362</u>	\$ <u>176,513</u>
Recognized during the period		
Unrealized (loss) gain - equity instruments	<u>(445,887)</u>	<u>234,341</u>
Other comprehensive income recognized in the period	<u>(445,887)</u>	<u>234,341</u>
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	<u>(104,518)</u>	<u>-</u>
Balance at March 31	<u>\$ 806,957</u>	<u>\$ 410,854</u>

## 23. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 3,205,109	\$ 3,310,709
Construction contract revenue	<u>11,458</u>	<u>-</u>
	<u>\$ 3,216,567</u>	<u>\$ 3,310,709</u>

### Contract Balances

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>	<b>January 1, 2021</b>
Trade receivables (Note 10)	<u>\$ 3,920,970</u>	<u>\$ 4,035,315</u>	<u>\$ 3,828,206</u>	<u>\$ 3,503,904</u>
Contract liabilities				
Construction of properties	\$ 11,262	\$ 10,814	\$ 920,970	\$ 729,079
Sale of goods	<u>11,243</u>	<u>15,654</u>	<u>16,973</u>	<u>12,730</u>
	<u>\$ 22,505</u>	<u>\$ 26,468</u>	<u>\$ 937,943</u>	<u>\$ 741,809</u>

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

## 24. NET PROFIT FROM CONTINUING OPERATIONS

### a. Interest income

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 1,175	\$ 3,572
Financial assets at amortized cost	2,432	3,797
Others	<u>627</u>	<u>213</u>
	<u>\$ 4,234</u>	<u>\$ 7,582</u>

### b. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Income from government grants	\$ 17,204	\$ 8,389
Others	<u>9,663</u>	<u>9,569</u>
	<u>\$ 26,867</u>	<u>\$ 17,958</u>

c. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Loss on disposal of non-current assets held for sale	\$ (249)	\$ -
Gain (loss) on disposal of property, plant and equipment	294	(27)
Fair value changes of financial assets and financial liabilities		
Financial assets and liabilities mandatorily at FVTPL	(339)	(7,106)
Net foreign exchange gains	128,903	35,417
Property, plant and equipment impairment losses	(5)	(5,453)
Depreciation of investment properties	(4,823)	(1,081)
Other expense	<u>(2,315)</u>	<u>(1,232)</u>
	<u>\$ 121,466</u>	<u>\$ 20,518</u>

d. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 8,356	\$ 5,037
Interest on convertible bonds	2,593	-
Interest on lease liabilities	<u>22</u>	<u>5</u>
	<u>\$ 10,971</u>	<u>\$ 5,042</u>

The detail of capitalization of interest:

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
The amount of capitalization of interest	<u>\$ -</u>	<u>\$ 4,416</u>
Interest rate of capitalization of interest	-	6.18%

e. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 284,903	\$ 244,972
Investment properties	4,823	1,081
Right-of-use assets	1,925	1,342
Intangible assets	<u>5,252</u>	<u>2,091</u>
	<u>\$ 296,903</u>	<u>\$ 249,486</u>

(Continued)



	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of deprecation by function		
Operating costs	\$ 230,402	\$ 206,067
Operating expenses	56,426	40,247
Other gains and losses	<u>4,823</u>	<u>1,081</u>
	<u>\$ 291,651</u>	<u>\$ 247,395</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 5,252</u>	<u>\$ 2,091</u>
		(Concluded)

f. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits (see Note 21)		
Defined contribution plans	\$ 29,320	\$ 21,274
Defined benefit plans	<u>421</u>	<u>438</u>
	<u>29,741</u>	<u>21,712</u>
Other employee benefits		
Payroll expense	672,650	601,722
Labor and health insurance	34,595	30,330
Others	<u>18,765</u>	<u>15,181</u>
	<u>726,010</u>	<u>647,233</u>
	<u>\$ 755,751</u>	<u>\$ 668,945</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 400,365	\$ 401,812
Operating expenses	<u>355,386</u>	<u>267,133</u>
	<u>\$ 755,751</u>	<u>\$ 668,945</u>

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended March 31, 2022 and 2021, respectively, were as follows:

Accrual rate

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Employees' compensation	<u>\$ 78,566</u>	<u>\$ 72,408</u>
Remuneration of directors	<u>\$ 13,094</u>	<u>\$ 12,068</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 which were approved by the Company's board of directors on March 7, 2022 and March 11, 2021, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Cash</b>	<b>Share</b>	<b>Cash</b>	<b>Share</b>
Employees' compensation	\$ 354,226	\$ -	\$ 163,489	\$ -
Remuneration of directors	59,038	-	27,248	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of tax expense recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 111,239	\$ 109,864
Deferred tax		
In respect of the current year	<u>29,830</u>	<u>11,828</u>
Income tax expense recognized in profit or loss	<u>\$ 141,069</u>	<u>\$ 121,692</u>

- b. Income tax assessments

The income tax returns of 2020 and those before 2017 had been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

### Net Profit for the Period

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the period attributable to owners of the Company	\$ 670,337	\$ 631,850
Interest on convertible bonds after tax	<u>2,593</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 672,930</u>	<u>\$ 631,850</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares in computation of basic earnings per share	309,757	309,757
Effect of dilutive potential ordinary shares:		
Convertible bonds	8,975	-
Employees' compensation	<u>3,425</u>	<u>2,039</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>322,157</u>	<u>311,796</u>

The Group may settle the compensation paid to employees by cash or shares; therefore, the Group presumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 27. GOVERNMENT GRANTS

In November 2021, the Group received a government grant of \$119,122 thousand for its investment of equipment. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset over the useful life of the related asset.

## 28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

## 29. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments

#### 1) Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

#### 2) Fair value of financial instruments that are measured at fair value on a recurring basis

##### a) Fair value hierarchy

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 13,500	\$ -	\$ -	\$ 13,500
Redemption options on convertible bonds	-	600	-	600
Foreign exchange forward contracts and exchange contracts	-	484	-	484
Mutual funds	109,696	-	-	109,696
Structured deposits	<u>-</u>	<u>441,387</u>	<u>-</u>	<u>441,387</u>
	<u>\$ 123,196</u>	<u>\$ 442,471</u>	<u>\$ -</u>	<u>\$ 565,667</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 835,660	\$ -	\$ -	\$ 835,660
Domestic unlisted shares	-	-	87,740	87,740
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>241,934</u>	<u>241,934</u>
	<u>\$ 835,660</u>	<u>\$ -</u>	<u>\$ 329,674</u>	<u>\$ 1,165,334</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 6,801</u>	<u>\$ -</u>	<u>\$ 6,801</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Redemption options on convertible bonds	\$ -	\$ 1,080	\$ -	\$ 1,080
Foreign exchange forward contracts and exchange contracts	-	2,399	-	2,399
Mutual funds	191,487	-	-	191,487
Structured deposits	<u>-</u>	<u>529,142</u>	<u>-</u>	<u>529,142</u>
	<u>\$ 191,487</u>	<u>\$ 532,621</u>	<u>\$ -</u>	<u>\$ 724,108</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 1,383</u>	<u>\$ -</u>	<u>\$ 1,383</u>
Financial assets at FVTOCI				
Domestic emerging shares	\$ 1,399,268	\$ -	\$ -	\$ 1,399,268
Domestic unlisted shares	-	-	77,466	77,466
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>233,358</u>	<u>233,358</u>
	<u>\$ 1,399,268</u>	<u>\$ -</u>	<u>\$ 310,824</u>	<u>\$ 1,710,092</u>

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 259,418	\$ -	\$ -	\$ 259,418
Structured deposits	<u>-</u>	<u>241,289</u>	<u>-</u>	<u>241,289</u>
	<u>\$ 259,418</u>	<u>\$ 241,289</u>	<u>\$ -</u>	<u>\$ 500,707</u>
Financial assets at FVTOCI				
Domestic emerging shares	\$ 347,786	\$ -	\$ -	\$ 347,786
Domestic unlisted shares	-	-	100,290	100,290
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>309,656</u>	<u>309,656</u>
	<u>\$ 347,786</u>	<u>\$ -</u>	<u>\$ 409,946</u>	<u>\$ 757,732</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 8,331</u>	<u>\$ -</u>	<u>\$ 8,331</u>

For the three-month periods ended March 31, 2022 and 2021, there were no transfer between Level 1 and Level 2.

b) Reconciliation of Level 3 fair value measurements of financial assets

For the three months ended March 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2022	\$ -	\$ 310,824
Purchase	-	10,000
Recognized in other comprehensive income	-	274
Effect of foreign currency exchange differences	-	8,576
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 329,674</u>

For the three months ended March 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2021	\$ 9,255	\$ 525,304
Sales	(9,255)	-
Transfer to Level 1	-	(113,445)
Effect of foreign currency exchange differences	-	(1,913)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 409,946</u>

Since the UPI Semiconductor Corp.'s shares were listed on the Taipei Exchange on March 12, 2021, the fair value hierarchy was transferred from Level 3 to Level 1 when observable market data became available for such equity investment.

c) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts and exchange contracts	Discounted cash flow.  Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow.  Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period
Redemption options on convertible bonds	Binomial tree valuation model.  Binomial tree valuation model were evaluated by the observable closing price of the stocks, volatility, risk-free interest rate, risk discount rate, and liquidity risk at the balance sheet date.

- d) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group uses price-book ratio approach, comparing the net value per share with other public companies among similar industries or evaluating share price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The fair values of unlisted equity securities - ROC were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or discount for lack of marketability used in isolation would result in increase in the fair value.

b. Categories of financial instruments

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL (1)	\$ 565,667	\$ 724,108	\$ 500,707
Financial assets at amortized cost (2)	8,497,813	8,019,825	6,564,038
Financial assets at FVTOCI			
Equity instruments	1,165,334	1,710,092	757,732
<u>Financial liabilities</u>			
FVTPL			
Mandatorily at FVTPL (3)	\$ 6,801	\$ 1,383	\$ 8,331
Amortized cost (4)	6,924,999	7,422,413	5,434,823

- 1) The balances included the carrying amount of beneficiary certificate, foreign exchange forward contracts and exchange contracts, structured deposits and redemption options on convertible bonds.
- 2) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
- 3) The balances included the carrying amount of foreign exchange forward contracts and exchange contracts.
- 4) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, bonds payable, notes payable, trade, payable, other payables and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reported quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

#### 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

##### a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 33).

##### Sensitivity analysis

The Group was mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	<b>USD Impact</b>		<b>JPY Impact</b>	
	<b>For the Three Months Ended</b>		<b>For the Three Months Ended</b>	
	<b>March 31</b>		<b>March 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 44,130	\$ 23,777	\$ (1,492)	\$ (2,416)



- i. This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.
  - ii. This was mainly attributable to the exposure to outstanding JPY payables, which were not hedged, at the end of the reporting period.
- b) Interest rate risk

The Group was exposed to interest rate risk because the Group's bank deposits and the Group borrowed funds at floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Fair value interest rate risk			
Financial assets	\$ 1,014,109	\$ 786,559	\$ 712,547
Financial liabilities	2,989,759	2,763,792	1,995,749
Cash flow interest rate risk			
Financial assets	3,479,707	3,112,326	1,953,357
Financial liabilities	983,983	1,013,713	729,889

#### Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2022 and 2021 would increase by \$1,560 thousand and \$765 thousand, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had available unutilized short-term bank loan facilities of approximately \$7,041,760 thousand, \$6,909,081 thousand and \$6,907,537 thousand, respectively.

#### Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To extent that interest flows are floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

#### March 31, 2022

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,726,159	\$ -	\$ -	\$ -	\$ 1,726,159
Other payables	-	1,153,174	-	-	-	1,153,174
Other current liabilities	-	28,454	-	-	-	28,454
Lease liabilities	0.86-1.27	3,061	3,916	-	-	6,977
Variable interest rate liabilities	0.1-0.68	155,253	749,897	78,833	-	983,983
Fixed interest rate liabilities	0.3-3.85	1,094,445	1,895,314	-	-	2,989,759

#### December 31, 2021

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 2,091,611	\$ -	\$ -	\$ -	\$ 2,091,611
Other payables	-	1,482,807	-	-	-	1,482,807
Other current liabilities	-	31,928	-	-	-	31,928
Lease liabilities	0.86-1.27	3,051	4,685	-	-	7,736
Variable interest rate liabilities	0.3-3.85	142,754	755,626	115,333	-	1,013,713
Fixed interest rate liabilities	0.1-4.1	787,071	1,940,721	36,000	-	2,763,792

March 31, 2021

	Weighted Interest Average Effective Rate (%)	Less Than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,834,250	\$ -	\$ -	\$ -	\$ 1,834,250
Other payables	-	840,096	-	-	-	840,096
Other current liabilities	-	961,667	-	-	-	961,667
Lease liabilities	0.86	1,114	681	378	-	2,173
Variable interest rate liabilities	0.1-3.4	183,150	348,174	198,565	-	729,889
Fixed interest rate liabilities	0.3-6.18	1,067,218	640,531	288,000	-	1,995,749

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	<u>\$ (2,065)</u>	<u>\$ (4,259)</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	<u>\$ 1,024</u>	<u>\$ 84</u>	<u>\$ (92)</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	<u>\$ (2,916)</u>	<u>\$ (3,618)</u>	<u>\$ (1,797)</u>	<u>\$ -</u>	<u>\$ -</u>

### 30. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

Name	Relationship with the Group
Tai-Shing Electronics Components Corporation	Associate
TSE Technology (Ningbo) Co., Ltd.	Associate
EcLife Co., Ltd.	Other associate
Ningbo Longying Semiconductor Co., Ltd.	Other associate

a. Sale of goods

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2022	2021
Sales	Associates	\$ 31,670	\$ 27,095
	Other associates	<u>2,951</u>	<u>3,364</u>
		<u>\$ 34,621</u>	<u>\$ 30,459</u>

Selling prices and payment terms offered to related parties were similar to those offered to third parties.

b. Purchase of goods

Related Party Categories	For the Three Months Ended March 31	
	2022	2021
Other associates	<u>\$ 1,314</u>	<u>\$ 4,330</u>

Purchase prices and payment terms offered by related parties were similar to those offered by third parties.

c. Operating expenses

Related Party Categories	For the Three Months Ended March 31	
	2022	2021
Other associates	<u>\$ 526</u>	<u>\$ 495</u>

d. Commission revenue

Related Party Categories	For the Three Months Ended March 31	
	2022	2021
Associates	\$ 375	\$ 620
Other associates	<u>-</u>	<u>12</u>
	<u>\$ 375</u>	<u>\$ 632</u>

e. Rental income

Related Party Categories	Location	Rent Collection	For the Three Months Ended March 31			
			2022		2021	
			Amount	% to Total Account Balance	Amount	% to Total Account Balance
TSE Technology (Ningbo) Co., Ltd.	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	\$ 1,134	-	\$ 751	-
Tai-Shing Electronics Components Corporation	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan (R.O.C.)	Based on contract, and paid on a monthly basis	884	-	896	-
Ningbo Longying Semiconductor Co., Ltd.	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	<u>44</u>	-	<u>31</u>	
			<u>\$ 2,062</u>		<u>\$ 1,678</u>	

There is no significant difference in transaction terms between related parties and unrelated parties.

f. Receivables from related parties (excluding loans to related parties)

Related Party Categories	March 31, 2022	December 31, 2021	March 31, 2021
Associates	\$ 34,158	\$ 27,256	\$ 28,707
Other associates	3,747	3,706	3,974
Less: Allowance for impairment loss	<u>(68)</u>	<u>(68)</u>	<u>(69)</u>
	<u>\$ 37,837</u>	<u>\$ 30,894</u>	<u>\$ 32,612</u>

The outstanding trade receivables from related parties are unsecured.

g. Payables to related parties (excluding loans from related parties)

Related Party Categories	March 31, 2022	December 31, 2021	March 31, 2021
Other associates	<u>\$ 132</u>	<u>\$ 2,140</u>	<u>\$ 4,844</u>

The outstanding trade payables to related parties are unsecured.

Payment term of the transactions to related parties were similar to those for third parties.

h. Other receivables from related parties

Related Party Categories	March 31, 2022	December 31, 2021	March 31, 2021
Associates	\$ 732	\$ 1,154	\$ 13
Other associates	<u>39</u>	<u>25</u>	<u>662</u>
	<u>\$ 771</u>	<u>\$ 1,179</u>	<u>\$ 675</u>

i. Other payables to related parties

<b>Related Party Categories</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other associates	<u>\$ 1,814</u>	<u>\$ 3,495</u>	<u>\$ 1,422</u>

j. Prepayments

<b>Related Party Categories</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other associates	<u>\$ 3,802</u>	<u>\$ 4,247</u>	<u>\$ 18</u>

The prepayments were accounted for prepaid equipment.

k. Acquisition of property, plant and equipment

<b>Related Party Categories</b>	<b>Acquisition Amounts</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Other associates	<u>\$ 1,200</u>	<u>\$ 818</u>

l. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 56,844	\$ 49,899
Post-employment benefits	<u>962</u>	<u>1,016</u>
	<u>\$ 57,806</u>	<u>\$ 50,915</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Land and land improvement	\$ -	\$ -	\$ 569,909
Building equipment, net	286,061	284,332	932,032
Investment property	14,679	16,775	37,204
Land for development	-	-	1,285,648
Pledged deposits	62,690	60,916	62,353
Right-of-use assets	<u>11,238</u>	<u>10,931</u>	<u>11,188</u>
	<u>\$ 374,668</u>	<u>\$ 372,954</u>	<u>\$ 2,898,334</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2022 and 2021 were as follows:

- a. As of March 31, 2022, unused letters of credit amounted to approximately JPY202,616 thousand and EUR1,188 thousand.
- b. On November 8, 2021, the board of directors of the Company approved its subsidiary TETC CORP. NINGBO to construct a plant project, with an estimated investment of RMB145,000 thousand, related construction matters are still under design and planning. On April 19, 2022, the Company signed a construction contract amounted to RMB102,000 thousand (tax included).
- c. As of March 31, 2022, the Company unrecognized commitments are as follows:

	<b>Contract Amount</b>	<b>Paid Amount</b>	<b>Unpaid Amount</b>
Acquisition of equipment	\$ 90,857	\$ 59,543	\$ 31,314
Acquisition of equipment	RMB 58,050	RMB 21,959	RMB 36,091
Acquisition of equipment	JPY 1,166,050	JPY 349,804	JPY 816,246
Acquisition of equipment	US\$ 914	US\$ 404	US\$ 510
Acquisition of equipment	EUR 1,697	EUR 509	EUR 1,188

### 33. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of entities in Group denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

**Unit: In Thousands of Foreign Currencies and New Taiwan Dollars)**

March 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 148,269	28.622 (USD:NTD)	\$ 4,243,755
USD	15,146	6.3482 (USD:RMB)	433,509
JPY	940,516	0.2353 (JPY:NTD)	221,303
JPY	681,516	0.0522 (JPY:RMB)	160,361
JPY	329,603	0.0082 (JPY:USD)	77,556
<u>Financial liabilities</u>			
Monetary items			
USD	8,044	28.622 (USD:NTD)	230,235
USD	1,189	6.3482 (USD:RMB)	34,032
JPY	1,207,984	0.2353 (JPY:NTD)	284,239
JPY	1,127,101	0.0522 (JPY:RMB)	265,207
JPY	250,686	0.0082 (JPY:USD)	58,986

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 149,297	27.69 (USD:NTD)	\$ 4,134,034
USD	18,499	6.3674 (USD:RMB)	512,237
JPY	655,609	0.2406 (JPY:NTD)	157,740
JPY	593,346	0.0553 (JPY:RMB)	142,759
JPY	779,162	0.0087 (JPY:USD)	187,466
<u>Financial liabilities</u>			
Monetary items			
USD	11,401	27.69 (USD:NTD)	315,694
USD	4,764	6.3674 (USD:RMB)	131,915
JPY	1,524,360	0.2406 (JPY:NTD)	366,761
JPY	1,353,526	0.0553 (JPY:RMB)	325,658
JPY	382,816	0.0087 (JPY:USD)	92,106

March 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 114,966	28.5310 (USD:NTD)	\$ 3,280,095
USD	6,767	6.5712 (USD:RMB)	193,069
JPY	1,013,239	0.2576 (JPY:NTD)	261,010
JPY	616,410	0.0593 (JPY:RMB)	158,787
<u>Financial liabilities</u>			
Monetary items			
USD	31,809	28.5310 (USD:NTD)	907,543
USD	6,588	6.5712 (USD:RMB)	187,962
JPY	1,215,730	0.2576 (JPY:NTD)	313,172
JPY	1,351,993	0.0593 (JPY:RMB)	348,273

For the three months ended March 31, 2022 and 2021, realized and unrealized net foreign exchange gains were \$128,903 thousand and \$35,417 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.



### 34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Lending funds to others. (None)
- 2) Providing endorsements or guarantees for others. (None)
- 3) Holding of securities at the end of the period. (Table 1)
- 4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 5) Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 6) Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more. (None)
- 7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 2)
- 8) Trade receivables from related parties reaching NT\$100 million or 20 percent of paid-in capital or more. (Table 3)
- 9) Trading in derivative instruments. (Note 7)
- 10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 7)

b. Information on investees (Table 4)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 5)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses: (Table 6)
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

### 35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a. Crystal

The chief operating decision maker see every crystal selling unit in Taiwan and China as an operating segment. While preparing the financial report, the Group considers the following reasons:

- 1) The similar gross profit between the selling units.
- 2) The similar product's nature and manufacturing process.
- 3) The same product's delivery type.

b. Real estate development segment

The department and sales of real estate, along with mall space leasing in Chongqing is considered a separate operating segment by the chief operating decision maker (CODM)

Segment revenue and results

	<u>Segment Revenue</u>		<u>Segment Profit</u>	
	<u>For the Three Months Ended March 31</u>		<u>For the Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Crystal	\$ 3,205,109	\$ 3,310,709	\$ 671,302	\$ 711,020
Real estate development segment	<u>11,458</u>	<u>-</u>	<u>(3,853)</u>	<u>-</u>
Continuing operations	<u>\$ 3,216,567</u>	<u>\$ 3,310,709</u>	667,449	711,020
Interest income			4,234	7,582
Other income			26,867	17,958
Other gains and losses			121,466	20,518
Financial costs			(10,971)	(5,042)
Share of profit or loss of subsidiaries, associates and joint ventures			<u>2,361</u>	<u>1,506</u>
Profit before tax (continuing operations)			<u>\$ 811,406</u>	<u>\$ 753,542</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the three months ended March 31, 2022 and 2021.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, rental revenue, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

## TXC CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	<u>Stock - unlisted company</u> Godsmith Sensor Inc	None	Non-current assets held for sale	250	\$ 4,985	1	\$ 4,985	
		"	Financial assets at fair value through other comprehensive income - non-current	550	\$ 9,596	3	\$ 9,596	
	RFIC Technology Corporation	"	"	2,334	5,359	12	5,359	
	Gallopwave Inc.	"	"	5,000	10,000	10	10,000	
	Win Precision Technology Co., Ltd.	"	"	1,365	62,785	3	62,785	
	<u>Stock - listed shares</u> UPI Semiconductor Corp.	TXC Corporation is a direct of the Company	"	1,316	835,660	2	835,660	
				\$ 923,400		\$ 923,400		
	United Microelectronics Corporation	A direct of one of the TXC Corporation's direct	Financial assets at fair value through profit or loss - current	250	\$ 13,500	-	\$ 13,500	
TXC (Ningbo) Corporation	<u>Beneficiary certificate</u> CICC Wealth Management 800 Fund	None	Financial assets at fair value through profit or loss - current	RMB 24,266	\$ 109,406	-	\$ 109,406	
	<u>Shares overseas - unlisted company</u> Ningbo SJ Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	RMB 6,000	\$ 55,436	5	\$ 55,436	
TXC (Chongqing) Corporation	<u>Structured deposits</u> China Merchants Bank Co., Ltd.	None	Financial assets at fair value through profit or loss - current	RMB 5,530	\$ 24,931	-	\$ 24,931	
	Agricultural Bank of China.	"	"	RMB 1,156	5,210	-	5,210	
	China CITIC Bank	"	"	RMB 24,005	108,233	-	108,233	
	China Everbright Bank	"	"	RMB 48,309	217,809	-	217,809	
				\$ 356,183		\$ 356,183		
Ningbo Beilun Jingyu Trading Corporation	<u>Beneficiary certificate</u> Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 64	\$ 290	-	\$ 290	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	<u>Shares overseas - unlisted company</u> Zhejiang Bright Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	RMB 7,000	\$ 183,279	4	\$ 183,279	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Technologies Inc.	<u>Shares overseas - unlisted company</u> Investment QST LLC	None	Financial assets at fair value through other comprehensive income - non-current	US\$ 250	<u>\$ 3,219</u>	-	<u>\$ 3,219</u>	
Chongqing Zhongyang Properties Co., Ltd.	<u>Structured deposits</u> Chongqing Rural Commercial Bank	None	Financial assets at fair value through profit or loss - current	RMB 18,534	<u>\$ 83,565</u>	-	<u>\$ 83,565</u>	
ChongQing Dingsen Commercial Management Co., Ltd.	<u>Structured deposits</u> China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 363	<u>\$ 1,639</u>	-	<u>\$ 1,639</u>	

(Concluded)

**TXC CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2022**  
**(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	\$ 628,167	39	No significant differences with the third parties.	Its trading price depends on its function within the Group	No significant differences with the third parties.	\$ (641,351)	(42)	
	TXC (Chongqing) Corporation	"	Purchase	319,484	20	"	"	"	(327,710)	(22)	

**TXC CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**MARCH 31, 2022**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	\$ 111,812	3.33	\$ -		\$ 27,960	\$ -
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	641,351	4.03	-		170,579	-
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	327,710	3.94	-		113,322	-
TXC (Ningbo) Corporation	TETC CORP. NINGBO	Subsidiary	138,163	Note	-		46,384	-

Note: The ending balance is primarily consisted of other receivables, which is not applicable for the calculation of turnover rate.

## TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
 FOR THE THREE MONTHS ENDED MARCH 31, 2022  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2022			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				March 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment management	\$ 1,390,461	\$ 1,390,461	42,835	100.00	\$ 6,861,738	\$ 191,228	\$ 185,249	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	International trading	2,371	2,371	80	100.00	176,309	(2,785)	(2,785)	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	31,015	1,218	1,218	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	23,763	2,057	2,057	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	373,432	373,432	8,802	33.34	404,042	12,892	4,298	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	50	100.00	7,233	2,513	2,513	



## TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2022	Investee Company Current Net Income	Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					Outflow	Inflow						
TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	\$ 2,350,052	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	\$ 1,427,630	\$ -	\$ -	\$ 1,427,630	\$ 191,228	100	\$ 191,228	\$ 6,889,501	\$ 720,617
TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	1,162,074	Other investment of the Corporation in mainland China	-	-	-	-	51,087	100	51,087	1,726,305	306,500
TETC CORP. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	433,440	Other investment of the Corporation in mainland China	-	-	-	-	70,273	100	70,273	636,346	-
Chongqing Zhongyang Properties Co. Ltd.	Properties development	684,908	Other investment of the Corporation in mainland China	-	-	-	-	(6,932)	100	(6,932)	824,482	-
Ningbo Beilun Jingyu Trading Corporation	International trading	7,090	Other investment of the Corporation in mainland China	-	-	-	-	9	100	9	6,120	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	183,180	Other investment of the Corporation in mainland China	-	-	-	-	(4,842)	40	(1,937)	39,583	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-	-	-	-	-	100	-	183,555	-
ChongQing Dingsen Commercial Management Co., Ltd.	Property management	2,185	Other investment of the Corporation in mainland China	-	-	-	-	(567)	100	(567)	373	-

- 2.

Accumulated Outward Remittance for Investments in mainland China as of March 31, 2022	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$ 1,427,630	\$ 2,350,052	\$ -

Note: The investment in mainland China has no maximum limit since the Company has acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarters in Taiwan.

## TXC CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2022**  
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Accounts/Notes Receivable/Payable		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	\$ 628,167	39	Its trading price depends on its function within the Group	Similar with third parties	Its trading price depends on its function within the Group	\$ (641,351)	(42)	\$ 2,142	
	TXC (Ningbo) Corporation	Sale	92,447	4	"	"	"	111,812	3	2,866	
	TXC (Chongqing) Corporation	Purchase	319,484	20	"	"	"	(327,710)	(22)	82	
	TETC CORP. NINGBO	Purchase	63,883	4				(65,186)	(4)	471	

2. The transactions of properties and the profit or loss: None.
3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None
4. Financing directly or indirectly provided to the investees: None
5. Other transactions that significantly impacted the current year's profit or loss or financial position: None

## TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE THREE MONTHS ENDED MARCH 31, 2022  
 (In Thousands of New Taiwan Dollars)

For the three months ended March 31, 2022

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Accounts	Amount	Terms (Note 2)	
0	TXC Corporation	TXC (Ningbo) Corporation	a	Sales	\$ 92,447	a	3
				Purchase	628,167	a	20
				Trade receivables	111,812	a	1
		TXC (Chongqing) Corporation	a	Trade payables	641,351	a	3
				Purchase	319,484	a	10
				Trade payables	327,710	a	2
		TETC CORP. NINGBO	a	Purchase	63,883	a	2
				Trade payables	65,186	a	-
1	TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	c	Purchase	50,632	c	2
				Trade payables	61,709	c	-
		TETC CORP. NINGBO	c	Sales	45,034	c	1
				Trade receivables	67,206	c	-
				Other receivables	138,163	c	1

Note 1: a. Represent the transactions from parent company to subsidiary.  
 c. Represent the transactions between subsidiaries.

Note 2: For the three months ended March 31, 2022 and 2021, the selling price and purchasing price were not significantly different from those of third parties, except for TXC (Ningbo) Corporation, TXC (Chongqing) Limited, TETC CORP. NINGBO and Taiwan Crystal Technology (HK) Limited which is depending on its function within the Group.

Note 3: The company may decide whether to list the material transactions in this table according to the principle of materiality.